

City Light Advisory Board Meeting April 12, 2005, 8:30 AM-12:00 PM

MEETING SUMMARY

Board Members Present: Carol Arnold, Randy Hardy, Jay Lapin, Sara Patton, Gary Swofford, and Don Wise. Also present: David Harrison (facilitator), Karen Schrantz (assistant).

Purpose of Meeting:

David Harrison opened the meeting and reminded the participants that the focus for the day's Advisory Board meeting would be to discuss the current governance structure of Seattle City Light and what, if any, governance changes the Advisory Committee might choose to propose. These discussions would include multiple aspects of the current system and any potential areas for improvement or modification. Harrison proposed and Advisory Committee members agreed to a three-part process for the work sessions, including half day meetings in May and June:

Session 1: The Advisory Board would briefly review the work it has completed examining governance structures in other cities; analyze the strengths and weaknesses of the present Seattle governance model; and use that discussion of strengths and weaknesses to develop and examine criteria to assess different governance structures.

Session 2: Using the criteria, the Board would select a number of alternative approaches to improving governance and discuss the dimensions of each. Using the criteria, they would narrow the alternatives to be considered further, which could range from very modest modifications of present processes to more significant changes.

Session 3: The Advisory Board would further discuss the characteristics of each model. If appropriate, it will determine one or more preferred alternatives, and then will determine the schedule and program for further discussing or pursuing any governance changes.

Reasons for Addressing Governance Issues

David Harrison asked the group any performance problems with the current governance system in Seattle and the criteria the Advisory Board might use to assess any possible changes. Advisory Board members stressed it would be important to address the attributes of a well-governed utility before discussing strengths and weaknesses of particular governance models.

The group identified a number of attributes to a well-governed utility. One main component was effective oversight. Effective governance models have clear roles and responsibilities for the utility, the executive, the council, and the board. With clear role delineation, all parties are empowered to work effectively and are held accountable. Effective oversight also builds trust, improves consistency of operations, allows

maximum utilization of staff expertise, and facilitates a smooth and timely decision-making process. The Advisory Board identified additional characteristics of well-governed utilities, including clear communication, a focus on consumer interests, informed expertise of all parties, and appropriate integration with other city departments.

Identifying Roles and Responsibilities

Don Wise then suggested an outline for a matrix identifying conceivable roles and responsibilities for the parties in the governance structure. The Advisory Board then spent considerable time discussing this matrix and how to sort out who plays the ideal primary and secondary role in carrying out a number of governance functions. The current structure includes the relative roles of the Mayor and executive branch; the City Council, the Advisory Board, and City Light management. The Board agreed that further discussion is needed on how the structure might differ if City Light had a governing board.

Integration With City Agencies

The group discussed further the ideal relationship between City Light and other city agencies. They identified a number of issues for utilities governed as a city department. The first issue was the area of planning and budget. When acting as a city department, there may be additional imposed costs as well as cost savings on a utility. There is a possibility that this structure may decrease flexibility and reduce accountability.

One area of concern focuses on city-wide personnel and labor policies. When housed as a city department, utility positions are tied to the city's classification system. This may prevent the utility from being competitive with investor owned utilities on salaries. The Advisory Board also noted that successful publicly owned utilities need hiring flexibility including job classifications, salary, and the ability to create exempt positions. Successful utilities also need the ability to delegate hearings and appeal processes for disciplinary proceedings and perhaps independence with regard to labor relations and their own union contracts

The Advisory Board also discussed the drawbacks that may arise when utilities share services such as information technology with other city departments.

Closing and Upcoming Meetings

David Harrison reviewed the agenda for the day and asked the Advisory Board for feedback on the session. The group asked the facilitators to prepare draft criteria based upon the morning's discussion and to present these possible criteria at the beginning of the May meeting.

Utility Oversight: Roles and Responsibilities

Advisory Board Scenario

	Formulation →			Implementation →		
	Set policy objectives	Assess conditions	Set strategy	Implement strategy	Measure and report results	Evaluate/Enforce
Executive	S	S	M	0	0	P
Council	P	S	M	0	0	P
Advisory Board	S	S	S	M	0	S
City Light	S	P	P	P	P	M

Key: "P" = primary responsibility, "S" = secondary responsibility, "M" = minimal responsibility, "0" = no responsibility

True Governing Board Scenario

	Formulation →			Implementation →		
	Set objectives	Assess conditions	Set strategy	Implement strategy	Measure and report results	Evaluate/Enforce
Executive	S	M	M	0	0	S
Council	S	M	M	0	0	S
Governing Board	P	S	P	M	0	P
City Light	S	P	P	P	P	M

Key: "P" = primary responsibility, "S" = secondary responsibility, "M" = minimal responsibility, "0" = no responsibility